

THE FAMILY PLACE PUBLIC CHARTER SCHOOL  
WASHINGTON, DC

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COMPARATIVE FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS REPORT  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

**KENDALL, PREBOLA AND JONES**

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**Kendall, Prebola and Jones, LLC**  
**Certified Public Accountants**

Board of Directors  
The Family Place Public Charter School  
3309 16<sup>th</sup> Street, NW  
Washington, DC 20010

INDEPENDENT AUDITOR'S REPORT

***Report on the Financial Statements***

We have audited the accompanying financial statements of The Family Place Public Charter School (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

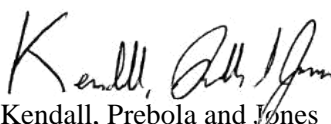
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Family Place Public Charter School as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters******Other Information***

We have audited the financial statements of The Family Place Public Charter School as of and for the years ended June 30, 2021 and 2020, and our report thereon dated November 30, 2021, expressed an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of contracts awarded in excess of \$25,000 and schedule of expenditures of federal awards are the responsibility of management, are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021, on our consideration of The Family Place Public Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Family Place Public Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Family Place Public Charter School's internal control over financial reporting and compliance.



Kendall, Prebola and Jones  
Certified Public Accountants

Bedford, Pennsylvania  
November 30, 2021

THE FAMILY PLACE PUBLIC CHARTER SCHOOL  
COMPARATIVE STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2021 AND 2020

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<u>ASSETS</u>		
<u>Current Assets:</u>		
Cash and Cash Equivalents	\$ 1,348,526	\$ 717,263
Accounts Receivable	1,239	2,375
Promises Receivable	145,618	-
Prepaid Expenses	<u>5,055</u>	<u>1,402</u>
Total Current Assets	<u>\$ 1,500,438</u>	<u>\$ 721,040</u>
<u>Fixed Assets:</u>		
Computers	\$ 37,830	\$ 3,175
Accumulated Depreciation - Computers	(10,968)	(1,382)
Leasehold Improvements	140,950	140,950
Accumulated Depreciation - Leasehold Improvements	(66,871)	(29,831)
Construction in Progress	<u>107,124</u>	<u>-</u>
Total Fixed Assets	<u>\$ 208,065</u>	<u>\$ 112,912</u>
<u>Other Assets:</u>		
Deposits	<u>\$ 15,000</u>	<u>\$ 15,000</u>
Total Other Assets	<u>\$ 15,000</u>	<u>\$ 15,000</u>
TOTAL ASSETS	<u>\$ 1,723,503</u>	<u>\$ 848,952</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities:</u>		
Accounts Payable and Accrued Expenses	\$ 104,295	\$ 78,001
Deferred Rent - Current Portion	<u>2,990</u>	<u>-</u>
Total Current Liabilities	<u>\$ 107,285</u>	<u>\$ 78,001</u>
<u>Long-Term Liabilities:</u>		
Deferred Rent	\$ 9,151	\$ 9,061
Less - Current Portion	<u>(2,990)</u>	<u>-</u>
Total Long-Term Liabilities	<u>\$ 6,161</u>	<u>\$ 9,061</u>
Total Liabilities	<u>\$ 113,446</u>	<u>\$ 87,062</u>
<u>Net Assets:</u>		
Without Donor Restrictions	\$ 1,610,057	\$ 761,890
With Donor Restrictions	<u>-</u>	<u>-</u>
Total Net Assets	<u>\$ 1,610,057</u>	<u>\$ 761,890</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,723,503</u>	<u>\$ 848,952</u>

(See Accompanying Notes and Auditor's Report)

THE FAMILY PLACE PUBLIC CHARTER SCHOOL  
COMPARATIVE STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>June 30, 2021</u>			<u>June 30, 2020</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenues, Gains, and Other Support:</u>						
Tuition - Per Pupil Funding Allocation	\$ 1,507,397	\$ -	\$ 1,507,397	\$ 1,192,926	\$ -	\$ 1,192,926
Tuition - Per Pupil Facilities Allowance	500,976	-	500,976	400,200	-	400,200
Contributions - Federal Awards	323,902	-	323,902	-	-	-
Contributions - State Awards	102,582	10,000	112,582	10,000	-	10,000
Private Grants and Contributions	-	5,000	5,000	300	12,665	12,965
Interest, Dividends, and Realized Gains	387	-	387	8,908	-	8,908
Net Assets Released from Restrictions - Satisfaction of Program Restrictions	<u>15,000</u>	<u>(15,000)</u>	<u>-</u>	<u>12,665</u>	<u>(12,665)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>\$ 2,450,244</u>	<u>\$ -</u>	<u>\$ 2,450,244</u>	<u>\$ 1,624,999</u>	<u>\$ -</u>	<u>\$ 1,624,999</u>
<u>Expenses:</u>						
Educational Services	\$ 1,404,356	\$ -	\$ 1,404,356	\$ 1,122,598	\$ -	\$ 1,122,598
General and Administrative	192,065	-	192,065	195,136	-	195,136
Fundraising	<u>5,656</u>	<u>-</u>	<u>5,656</u>	<u>4,976</u>	<u>-</u>	<u>4,976</u>
Total Expenses	<u>\$ 1,602,077</u>	<u>\$ -</u>	<u>\$ 1,602,077</u>	<u>\$ 1,322,710</u>	<u>\$ -</u>	<u>\$ 1,322,710</u>
Change in Net Assets	\$ 848,167	\$ -	\$ 848,167	\$ 302,289	\$ -	\$ 302,289
Net Assets, Beginning of Year	<u>761,890</u>	<u>-</u>	<u>761,890</u>	<u>459,601</u>	<u>-</u>	<u>459,601</u>
Net Assets, End of Year	<u>\$ 1,610,057</u>	<u>\$ -</u>	<u>\$ 1,610,057</u>	<u>\$ 761,890</u>	<u>\$ -</u>	<u>\$ 761,890</u>

(See Accompanying Notes and Auditor's Report)

THE FAMILY PLACE PUBLIC CHARTER SCHOOL  
COMPARATIVE STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	June 30, 2021				June 30, 2020			
	<u>Total</u>	<u>Educational Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>	<u>Educational Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>
<u>Personnel, Salaries and Benefits:</u>								
Contracted Leadership	\$ 335,148	\$ 280,687	\$ 50,272	\$ 4,189	\$ 309,263	\$ 259,008	\$ 46,389	\$ 3,866
Contracted Operational Staff	120,707	116,683	4,024	-	112,799	105,279	7,520	-
Contracted Teachers	387,423	387,423	-	-	227,116	227,116	-	-
Contracted Employee Benefits	52,871	49,927	2,733	211	42,823	39,922	2,707	194
Professional Development	4,103	3,890	213	-	10,490	9,824	666	-
Travel and Meetings	1,474	1,398	76	-	1,542	1,444	98	-
Total Personnel, Salaries and Benefits	<u>\$ 901,726</u>	<u>\$ 840,008</u>	<u>\$ 57,318</u>	<u>\$ 4,400</u>	<u>\$ 704,033</u>	<u>\$ 642,593</u>	<u>\$ 57,380</u>	<u>\$ 4,060</u>
<u>Direct Student Costs:</u>								
Supplies and Materials	\$ 39,382	\$ 39,382	\$ -	\$ -	\$ 17,601	\$ 17,601	\$ -	\$ -
Contracted Instruction Related Fees	207,224	207,224	-	-	203,529	203,529	-	-
Textbooks	5,901	5,901	-	-	6,316	6,316	-	-
Other Student Costs	11,496	11,496	-	-	11,737	11,737	-	-
Total Direct Student Costs	<u>\$ 264,003</u>	<u>\$ 264,003</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 239,183</u>	<u>\$ 239,183</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Occupancy Costs:</u>								
Rent	\$ 116,110	\$ 109,646	\$ 6,001	\$ 463	\$ 107,732	\$ 101,191	\$ 6,156	\$ 385
Maintenance and Repairs	3,069	2,898	159	12	6,482	6,089	370	23
Utilities	5,378	5,079	278	21	5,605	5,265	320	20
Janitorial Supplies	-	-	-	-	562	528	32	2
Contracted Building Services	44,318	41,850	2,291	177	41,821	39,282	2,390	149
Total Occupancy Costs	<u>\$ 168,875</u>	<u>\$ 159,473</u>	<u>\$ 8,729</u>	<u>\$ 673</u>	<u>\$ 162,202</u>	<u>\$ 152,355</u>	<u>\$ 9,268</u>	<u>\$ 579</u>
<u>Office Expenses:</u>								
Office Supplies and Materials	\$ 27,652	\$ 26,113	\$ 1,429	\$ 110	\$ 14,206	\$ 13,343	\$ 812	\$ 51
Equipment Rental	6,440	6,081	333	26	5,804	5,451	332	21
Telecommunications	7,408	6,995	383	30	5,960	5,598	341	21
Professional Fees	111,539	3,125	108,414	-	110,646	-	110,646	-
Postage and Shipping	466	440	24	2	553	520	31	2
Computer and Related	35,319	33,352	1,826	141	29,736	27,931	1,699	106
Total Office Expenses	<u>\$ 188,824</u>	<u>\$ 76,106</u>	<u>\$ 112,409</u>	<u>\$ 309</u>	<u>\$ 166,905</u>	<u>\$ 52,843</u>	<u>\$ 113,861</u>	<u>\$ 201</u>
<u>General Expenses:</u>								
Insurance	\$ 8,744	\$ -	\$ 8,744	\$ -	\$ 9,906	\$ -	\$ 9,906	\$ -
Administration Fee	21,959	20,736	1,135	88	14,428	13,552	824	52
Depreciation	46,626	44,030	2,410	186	23,499	22,072	1,343	84
Fees and Licenses	1,320	-	1,320	-	2,554	-	2,554	-
Total General Expenses	<u>\$ 78,649</u>	<u>\$ 64,766</u>	<u>\$ 13,609</u>	<u>\$ 274</u>	<u>\$ 50,387</u>	<u>\$ 35,624</u>	<u>\$ 14,627</u>	<u>\$ 136</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 1,602,077</u>	<u>\$ 1,404,356</u>	<u>\$ 192,065</u>	<u>\$ 5,656</u>	<u>\$ 1,322,710</u>	<u>\$ 1,122,598</u>	<u>\$ 195,136</u>	<u>\$ 4,976</u>

(See Accompanying Notes and Auditor's Report)

THE FAMILY PLACE PUBLIC CHARTER SCHOOL  
COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<u>Cash Flows from Operating Activities:</u>		
Changes in Net Assets	\$ 848,167	\$ 302,289
Adjustments to Reconcile Changes in Net Assets to Net Cash Flows from Operating Activities:		
Depreciation and Amortization	46,626	23,498
Accounts Receivable - (Increase)/Decrease	1,135	(1,598)
Promises Receivable - (Increase)/Decrease	(145,618)	2,500
Prepaid Expenses - (Increase)/Decrease	(3,653)	955
Accounts Payable and Accrued Expenses - Increase/(Decrease)	(8,518)	44,410
Deferred Rent - Increase/(Decrease)	<u>90</u>	<u>3,079</u>
Net Cash Flows from Operating Activities	<u>\$ 738,229</u>	<u>\$ 375,133</u>
<u>Cash Flows from Investing Activities:</u>		
Purchase of Property and Equipment	<u>\$ (106,966)</u>	<u>\$ (62,182)</u>
Net Cash Flows from Investing Activities	<u>\$ (106,966)</u>	<u>\$ (62,182)</u>
Net Increase in Cash and Cash Equivalents	\$ 631,263	\$ 312,951
Cash and Cash Equivalents at Beginning of Year	<u>717,263</u>	<u>404,312</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,348,526</u>	<u>\$ 717,263</u>
<u>Supplemental Disclosures:</u>		

- a) No income taxes were paid during years ended June 30, 2021 and 2020.
- b) Fixed assets purchased in the amount of \$34,813 and included in accounts payable at June 30, 2021, are not reflected in cash flows from investing activities.

(See Accompanying Notes and Auditor's Report)



THE FAMILY PLACE PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION:

The Family Place Public Charter School (the Charter School), a District of Columbia Not-for-Profit organization, was incorporated on July 13, 2017, exclusively for educational purposes.

The mission of The Family Place Public Charter School is to improve the literacy and workplace skills of low-income limited English proficient adults in the District so that they and their family are self-sustaining, employable and engaged in their community.

Our vision is that all adults and families will be literate, self-sufficient, economically viable, and civically connected to the District community.

The Family Place Public Charter School is a place where learners' life experiences are looked upon as assets, they bring to the learning experience. Both the curriculum and the instructional approach take this into consideration. Our curriculum design is thematic reflecting learners' real-life experiences and situations. We meet students where they are and help them progress to the next levels in literacy as well as workplace skills.

Our delivery model is Two Generational (2Gen). This delivery model successfully taps into the multiplier effects and benefits of educating parents and children together and helps our adult learners reach their goals.

The Family Place Public Charter School carries out its mission and vision by offering three educational pathways for adult students and support services for their children and family.

The three educational pathways are:

1. ESL Life and Work Skills: We offer three different proficiency levels to meet the English needs of our students in the context of their daily lives and work situations. At the basic literacy and lower proficiency levels, our program focuses on developing the language skills needed for day-to-day activities such as going to the doctor, taking the bus, shopping, and/or managing money. As the students gain English proficiency, instruction shifts to higher-level skills such as job-specific vocabulary, workforce development language, and critical thinking strategies.

We use the sheltered instruction model that integrates language and content instruction together in the classroom. The curriculum is organized into thematic units at each level that align with the CASAS life skills competencies and uses the CASAS Content Standards to identify the underlying language skills students need at each proficiency level.

During the 2020-2021 school year, The Family Place Public Charter School offered nine ESL classes ranging from Beginning, Intermediate, to Advanced in three different time slots - morning, afternoon, and evening. Due to COVID, all classes were offered virtually via zoom.

THE FAMILY PLACE PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION: (Continued)

2. Foundations of Literacy: This program is offered in partnership with the Mexican Consulate. It is an Adult Basic Education program for native Spanish speakers who are marginally literate in their native language. This program focuses on students' attainment of native language literacy which as research indicates helps them succeed in ESL classes. The Foundations of Literacy program model is individualized and meets students at their literacy level, which ranges from learning the alphabet to completing specific grade-level equivalencies. As students pass the benchmarks in this program, they can earn an elementary and/or secondary diploma. Foundations of Literacy is offered daily in the morning and evening sessions.
3. Child Development Associate (CDA): Our Child Development Associate (CDA) program prepares learners for jobs in the early childhood education field. The CDA Credential is based on a core set of national competency standards, which guide early childcare professionals as they work toward becoming qualified teachers of young children. The course is a 600-hour bilingual training program that prepares students to succeed on the national credentialing exam to become certified CDAs. CDAs enter the labor market at above minimum wage jobs and are able to access more advanced training over the course of their careers in child development. CDA training is offered in four areas: infants-toddlers; preschoolers; family childcare, and home visiting.

The Family Place Public Charter School, together with its partner, The Family Place non-profit, create a virtuous circle that provides parents with the skills needed to achieve their education and literacy goals, economic self-sufficiency, and community connectedness. It also enables each young child to achieve developmental, physical, and cognitive success. Thanks to our innovative model, our clients benefit from shared leadership, facilities, and resources, enabling them to pass seamlessly through the separate organizations to benefit from all services.

Our 2 Agencies-2 Generational infrastructure results in a one-of-its-kind learning community in which all learners are teachers and all teachers are learners. Each person takes responsibility for ensuring the optimal learning environment. Although The Family Place Public Charter School is new, its partner, The Family Place non-profit, has nearly 40 years' experience serving the target population. Together, the partnership is formidable and cannot help but be successful.

The decision to enroll in The Family Place Public Charter School is a revolutionary, pattern-breaking act for many of our students. Some did not receive educational encouragement in their native countries, while others were actively discouraged from pursuing their education. To succeed, they need the type of comprehensive infrastructure offered by The Family Place Public Charter School - The Family Place non-profit to get encouragement, build confidence, and, for parents, to feel they are also fighting for their children's educational success. Parents cannot succeed if their children are left behind. The 2 Agencies-2 Generation infrastructure meets this need and gives students concrete evidence they can achieve and succeed.

THE FAMILY PLACE PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies of The Family Place are summarized below:

(a) Basis of Accounting and Presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting, which presents financial position, activities, functional expenses, and cash flows in accordance with accounting principles generally accepted in the United States of America.

(b) Revenue Recognition:

**Contributions**

The Charter School has implemented the accounting and reporting standards surrounding contributions. These standards affect financial statement reporting and disclosures included within the body of the financial statements. The standards promulgate clarity for distinguishing between exchange transactions and those of a non-reciprocal arrangement leading to a contribution, while providing rules and guidance on what constitutes an underlying condition that may be associated with a contribution.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Conditional contributions are determined on the basis of whether or not an underlying agreement includes both a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. If both exist, then the contribution is conditional. Barriers include but are not limited to:

- Measurable performance-related barrier(s) (e.g., specified level of service, specific output, or outcome, matching requirement);
- Extent to which a stipulation limits discretion on conduct of activity (e.g., qualifying expenses, specific protocols); and
- Extent to which a stipulation is related to the purpose of the agreement (excludes administrative or trivial).

Conditional contributions are not recognized as revenue until they become unconditional, that is, until all conditions on which they depend are substantially met. Therefore, any respective advance payments received are recorded as a refundable advance and subsequently recognized as contribution revenue when the underlying conditions are fulfilled.

THE FAMILY PLACE PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(b) Revenue Recognition: (Continued)

**Contributions** (Continued)

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restriction, if any, on the contribution. An allowance for uncollectible contributions receivable is provided based upon management's judgement, including such factors as prior collection history and type of contribution.

**Federal and Charter School Funding**

The Charter School receives a student allocation from the District of Columbia, as well as federal funding to cover the cost of academic expenses. The student allocation is on a per pupil basis and includes the academic year funding, special education funding, and a facilities allotment. The Charter School recognizes this funding in the year in which the school term is conducted. Funding received in advance of the school term is recorded as deferred revenue. Federal entitlements are recognized based on the allowable costs incurred.

**Government Grants**

The Charter School receives grants from federal governmental agencies for the purpose of providing a social benefit to the general public. Pursuant to the implementation of the accounting standard ASU No. 2018-08, government grants are classified as conditional contributions when the award includes both a barrier that must be overcome for the Charter School to be entitled to the assets transferred, and a right of return for the transferred assets exists. Contribution income is recognized based on the total costs incurred. Promises receivables are recorded to the extent unreimbursed expenses have been incurred for the purposes specified by the granting agency. Funds received in advance, and those that are unexpended at year-end, are reflected as a refundable advance.

THE FAMILY PLACE PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(c) Corporate Taxes:

The Family Place Public Charter School is exempt from federal and state income taxes (other than on unrelated business income) under the provisions of Section 501(c)(3) of the Internal Revenue Code and similar state income tax laws. Exemption from District of Columbia income taxes was granted to the Charter School effective June 14, 2018. Accordingly, no provisions for income taxes have been provided for in the accompanying financial statements. The Charter School has been classified as other than a private foundation under Section 509(a)(1) of the Internal Revenue Code and accordingly contributions qualify as a charitable tax deduction by the contributor under Section 170(b)(i)(A)(ii). The Charter School did not have any net unrelated business income for the year ended June 30, 2021 and 2020.

The Family Place Public Charter School is also exempt from District of Columbia sales and personal property taxes.

(d) Net Assets:

The Charter School reports information regarding its financial position and activities according to two classes of net assets. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of restrictions on use that are placed by the donor. Accordingly, net assets of the Charter School and changes therein are classified and reported as follows:

**Net Assets without Donor Restrictions**

Net assets without donor restrictions are resources available to support operations and over which the Board of Directors has discretionary control. The only limits on the use of these net assets are the broad limits resulting from the Charter School's purpose, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements that are entered into in the course of its operations.

**Net Assets with Donor Restrictions**

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature whereby the Charter School must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

THE FAMILY PLACE PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(d) Net Assets: (Continued)

**Net Assets with Donor Restrictions** (Continued)

Net assets restricted for acquisition of buildings or equipment (or the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service, unless the donor provides more specific directions about the period of its use. At June 30, 2021 and 2020, there were no net assets with donor restrictions available.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, the passage of time, or by the occurrence of events specified by donors for the following program:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Crimson Bridge Foundation	\$ -	\$ 10,000
Student Needs and Internet Access	10,000	2,665
Literacy and Opportunities Program	<u>5,000</u>	<u>-</u>
Total Net Assets Released from Restrictions	<u>\$ 15,000</u>	<u>\$ 12,665</u>

(e) Donated Services and Materials:

Donated services and materials are recognized as contributions in accordance with FASB ASC 958, *Accounting for Contributions Received and Contributions Made*, if the services received create or enhance nonfinancial assets or require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services and promises to give services that do not meet the above criteria are not recognized. There were no donated services or materials recognized during the year ended June 30, 2021 and 2020.

(f) Functional Expense Allocation Policies and Procedures:

The statement of functional expenses presents an allocation of each expense category between program services, general and administrative, and fundraising activities. Program service costs consist of those expenses incurred to fulfill the Charter School's mission. General and administrative costs pertain to supporting activities. Fundraising expenses relate to fundraising activities such as generating contributions and seeking unsolicited financial support and grants.

Management has established functional expense allocation policies and procedures based on a reasonable analysis of cost drivers and reasonable allocation methodologies based on financial results and industry standards.

THE FAMILY PLACE PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(f) Functional Expense Allocation Policies and Procedures: (Continued)

Expenses that can be identified with a specific program or support service are charged directly to the program or support service. The Charter School has established a method to specifically identify and record those costs that are considered to be direct student expenses. Such program expenses consist of contracted instruction fees, student supplies and materials, textbooks, and other student costs.

Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Personnel expense for contracted salaries, contracted payroll taxes and contracted employee benefit plans are allocated based on management's estimates of time spent on particular activities.
- Costs of professional fees, computer support fees, legal and accounting, dues and fees, and other similar expenses are allocated based on the underlying use of these costs by various programs determined by management and evaluated annually.
- Certain staff expenses including travel, meetings, and professional development are generally allocated between administrative and program functions on a percentage basis that is equivalent to that determined for salaries and wages.
- Office and occupancy costs, such as office supplies, telephone, computer related, rent, utilities, and similar expenses are allocated based on personnel expense.

(g) Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support and revenues and expenses during the reporting period. Actual results could differ from those estimates.

(h) Recognition of Salary Expense:

Contracted salary expense is recognized in the year the service is rendered, which coincides with the academic year. Contracted salaries unpaid at June 30 are recognized as expense and accounts payable.

THE FAMILY PLACE PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(i) Fair Value of Certain Financial Instruments:

Some of the Charter School's financial instruments are not measured at fair value on a recurring basis but nevertheless are recorded at amounts that approximate fair value due to their liquid or short-term nature. Such accounts include cash, accounts receivable, prepaid expenses, accounts payable, and accrued expenses.

(j) Reclassifications:

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. These reclassifications had no effect on the change in the net assets or to total net assets from prior years.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following reflects the Charter School's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

The Charter School has certain donor-restricted net assets that are considered to be available for general expenditures, because the restrictions on the net assets are expected to be met by conducting the normal activities of the programs in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year.

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Financial Assets at Year End:		
Cash and Cash Equivalents	\$ 1,348,526	\$ 717,263
Accounts and Promises Receivable	<u>146,857</u>	<u>2,375</u>
Total Financial Assets	<u>\$ 1,495,383</u>	<u>\$ 719,638</u>
Less Amounts Not Available for General Expenditure Within One Year:	<u>\$ -</u>	<u>\$ -</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 1,495,383</u>	<u>\$ 719,638</u>

As part of the Charter School's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due.



THE FAMILY PLACE PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

4. ACCOUNTING FOR UNCERTAIN TAX POSITIONS:

Accounting principles generally accepted in the United States of America provide consistent guidance for the accounting for uncertainty in income taxes recognized in the Charter School's financial statements and prescribe a threshold of "more likely than not" for recognition of tax positions taken or expected to be taken in a tax return. The Family Place Public Charter School performed an evaluation of uncertain tax positions for the year ended June 30, 2021, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of June 30, 2021, the statute of limitations for tax years 2017 and 2019 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Charter School files tax returns. It is the Charter School's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of June 30, 2021, the Charter School had no accruals for interest and/or penalties.

5. CASH AND CASH EQUIVALENTS:

The carrying amount of cash and cash equivalents at year end consisted of the following:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Checking Accounts - Interest-Bearing	\$ 289,070	\$ 157,929
Money Market Mutual Account	<u>1,059,456</u>	<u>559,334</u>
Total Cash and Cash Equivalents	<u>\$ 1,348,526</u>	<u>\$ 717,263</u>

For purposes of the cash flow statement and financial statement presentation, cash and cash equivalents are short term, highly liquid investments with maturities of three months or less.

The Charter School maintains its operating funds in one financial institution in the form of an interest-bearing business checking account. This account is covered under the Federal Deposit Insurance Corporation (FDIC) Program. Federal Deposit Insurance Corporation insurance coverage is \$250,000 per banking institution. Deposits held in the interest-bearing transaction accounts are aggregated with interest-bearing deposits and the combined total insured up to \$250,000.

As of June 30, 2021 and 2020, \$1,059,456 and \$559,334, respectively, was held in a brokerage money market fund that was not federally insured. Management has minimized risk related to this money market fund by investing in high-quality, short-term securities that are backed by high quality securities. The money market fund seeks to maintain a share price of \$1.00. Investments held by the Charter School's brokerage firm are insured by the Securities Investor Protection Corporation (SIPC) for loss, theft, or destruction of securities while in the brokerage firm's custody. The Charter School has not experienced any loss related to this account and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

THE FAMILY PLACE PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

6. ACCOUNTS AND PROMISES RECEIVABLE:

**Accounts Receivable**

Accounts receivable are current and considered to be fully collectible by management. Balances as of June 30, 2021 and 2020 consisted of the following:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Reimbursable Expenses	\$ 1,239	\$ 2,375
Total Accounts Receivable	<u>\$ 1,239</u>	<u>\$ 2,375</u>

The Charter School's accounts receivable consists of unsecured amounts due from funding sources whose ability to pay is subject to changes in general economic conditions. Because the Charter School does not require collateral, it is at credit risk for the amounts owed to it throughout the year and at year end.

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectable amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management believes that an allowance was not required based on its evaluation of collectability of receivables for the year ended June 30, 2021 and 2020.

Trade receivables related to program service fees are recognized as revenue on the accrual basis of accounting at the time the program activity has occurred. Credit is extended for a period of 60 days with no interest accrual at which time payment is considered delinquent. Trade receivables are written off as uncollectible once management determines that available collection efforts have been exhausted.

**Promises Receivable**

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Promises to give represent amounts committed by donors that have not been received by the Charter School. The Charter School uses the allowance method to determine uncollectible promises to give. Promises receivable at year end consisted of the following:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Adult and Family Education Act	\$ 88,353	\$ -
Scholarship for Opportunity and Results	<u>57,265</u>	<u>-</u>
Total Promises Receivable	<u>\$ 145,618</u>	<u>\$ -</u>

The above promises receivable are all due to be received in less than one year.

THE FAMILY PLACE PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

6. ACCOUNTS AND PROMISES RECEIVABLE: (Continued)

**Promises Receivable** (Continued)

The Charter School received the following conditional promises to give that are not recognized as assets in the financial statements:

	<u>June 30, 2021</u>
Adult and Family Education Act	\$ 140,697
Scholarship for Opportunity and Results	<u>259,308</u>
Total Conditional Promises	<u>\$ 400,005</u>

7. FIXED ASSETS:

Furniture and equipment, and leasehold improvements are recorded at cost, or in the case of contributed property at the fair market value at the date of contribution. If an expenditure in excess of \$1,000 results in an asset having an estimated useful life which extends substantially beyond the year of acquisition, the expenditure is capitalized at cost and depreciated or amortized over the estimated useful lives of the assets. Any asset that does not meet these criteria, such as small tools and equipment or repairs and maintenance will be expensed. Bulk purchases of capital assets with unit costs of less than \$1,000 but total monetary values for one-time acquisitions exceeding \$5,000 are capitalized as a group and depreciated per the relevant classification schedule. When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation or amortization is removed from the accounts and any resulting gain or loss is reflected in income for the period. Depreciation has been provided on the straight-line method over the estimated useful lives of the assets. Leasehold improvements have been amortized over the remaining term of the rental lease agreement. Depreciation and amortization expense for the years ended June 30, 2021 and 2020 was \$46,626 and \$23,499, respectively. Maintenance and repairs are charged to expenses as incurred. Major classifications of fixed assets and their estimated useful lives are as summarized below:

			<u>June 30, 2021</u>		
	<u>Depreciable Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	
Leasehold Improvements	Lease Term	\$ 140,950	\$ 66,871	\$ 74,079	
Computers	3-7 Years	37,830	10,968	26,862	
Construction in Progress	-	<u>107,124</u>	<u>-</u>	<u>107,124</u>	
Total Fixed Assets		<u>\$ 285,904</u>	<u>\$ 77,839</u>	<u>\$ 208,065</u>	

THE FAMILY PLACE PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

7. FIXED ASSETS: (Continued)

June 30, 2020

	<u>Depreciable Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Leasehold Improvements	Lease Term	\$ 140,950	\$ 29,831	\$ 111,119
Computers	3-7 Years	<u>3,175</u>	<u>1,382</u>	<u>1,793</u>
Total Fixed Assets		<u>\$ 144,125</u>	<u>\$ 31,213</u>	<u>\$ 112,912</u>

8. DEFERRED RENT:

Accounting principles generally accepted in the United States of America require that rent expense, pursuant to a non-cancelable lease that includes fixed scheduled rent increases, be recorded on a straight-line basis over the term of the lease. The difference between this expense and the required lease payments is reflected as deferred rent in the accompanying statements of financial position. The Charter School entered into an operating lease agreement, as more fully discussed in Note 12, for the rental of space at 3309 16<sup>th</sup> Street, NW, in Washington, DC. As a result of these agreements, a net amount of \$9,061 representing future payments has been recorded as a liability to adjust the actual rent paid to conform to the straight-line basis. The balance of the unamortized deferred rent at June 30, 2021 and 2020 was \$9,151 and \$9,061, respectively. A summary of the net rent obligation and change in deferred rent related to these leases is as follows:

<u>Year Ending June 30,</u>	<u>Rent Obligation</u>	<u>Deferred Rent</u>	<u>Rent Payment</u>
2022	\$ 102,732	\$ 2,990	\$ 105,722
2023	<u>102,732</u>	<u>6,161</u>	<u>108,893</u>
Total	<u>\$ 205,464</u>	<u>\$ 9,151</u>	<u>\$ 214,615</u>

9. DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD CONTRACT:

The Charter School was approved by the District of Columbia Public Charter School Board to operate a charter school in the District of Columbia. The District of Columbia Public Charter School Board (DCPCSB) is responsible for the ongoing oversight of the Charter School's fiscal management and academic acceptability. The contract dated June 2, 2017, provided for a 15-year charter unless sooner terminated in accordance with the contract. The charter contract may be renewed for successive 15-year periods if the DCPCSB deems that The Family Place Public Charter School is in compliance with its charter contract and District statutory provisions. The original charter contract was renewed on August 19, 2013, for an additional 15-year term. In addition, in accordance with the Charter School Act, the DCPCSB is required to review The Family Place Public Charter School's charter every five years, with the first review in 2024. The DCPCSB may revoke (or not renew) a charter school contract if a school violates applicable law, materially violates the charter contract or fails to meet the student academic achievement expectations set forth in the charter contract. Consequently, management does not anticipate non-renewal or revocation of its charter.

THE FAMILY PLACE PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

9. DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD CONTRACT: (Continued)

As part of the agreement with the DCPCSB, the Charter School may be charged a public charter school fee, which is not to exceed one percent (.9% for the 20/21 and 19/20 school years) of the total revenues (less philanthropic and investment revenues) within the annual budget to cover the costs of undertaking the ongoing administrative responsibilities of the Board. For the years ended June 30, 2021 and 2020, the Charter School incurred \$21,959 and \$14,428, respectively, in administrative fees.

The charter contract provides that The Family Place Public Charter School may educate up to a predetermined number of students. However, this enrollment limit may be raised upon notification to and acceptance by the DCPCSB. The Charter School enrollment ceiling for the year ended June 30, 2021, was not permitted to be greater than 147 students. Audit enrollment for the 20/21 year was 147 students. Audit enrollment for the 19/20 year was 120 students.

10. PER-PUPIL FUNDING ALLOCATION:

The Charter School receives local funding from the District of Columbia in the form of per-pupil educational allotments and facility allotments. This funding is based on the equivalent number of full-time students and is determined annually. For the year ended June 30, 2021, the per-student rate was \$10,066 for the adult educational allotment and \$3,408 for the facility allotment. For the year ended June 30, 2020, the per-student rate was \$9,772 for the adult educational allotment and \$3,335 for the facility allotment. Additional allotments were made for special education services and residential services. The number of equivalent full-time students for the years ended June 30, 2021 and 2020 was 147 and 120. Per-pupil funding for the years ended June 30, 2021 and 2020 was as follows:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Adult	\$ 1,479,687	\$ 1,172,664
Facilities Allowance	500,976	400,200
One-Time Payment	-	14,882
English Language Learners	<u>27,710</u>	<u>5,380</u>
Total	<u>\$ 2,008,373</u>	<u>\$ 1,593,126</u>

11. CONTRIBUTIONS - FEDERAL AWARDS:

During the years ended June 30, 2021 and 2020, the Charter School participated in the following federal award programs:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Adult Education and Family Literacy Act	\$ 89,254	\$ -
Scholarship for Opportunity and Results Act (SOAR)	<u>234,648</u>	<u>-</u>
Total	<u>\$ 323,902</u>	<u>\$ -</u>

THE FAMILY PLACE PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

12. COMMITMENTS:

**Building Lease - 3309 16<sup>th</sup> Street, NW**

On June 17, 2018 the Charter School entered into a five (5) year lease agreement with The Family Place, Inc., to occupy a portion of the building at 3309 16<sup>th</sup> Street, NW, Washington, DC. The lease commenced on July 1, 2018. Under the terms of the lease, the Charter School is required to make monthly payments of \$8,062, which are increased annually by 3% on the anniversary of the commencement date and end June 30, 2023. The lease contains an option for the Charter School to extend the lease for three (3) separate periods of five (5) years each. Total rent expense for the years ended June 30, 2021 and 2020 was \$102,732, related to this lease. Future required minimum rental lease payments along with the change in deferred rent over the remaining life of the lease are as follows:

<u>Year Ending June 30,</u>	<u>Rent Obligation</u>	<u>Deferred Rent</u>	<u>Rent Payment</u>
2022	\$ 102,732	\$ 2,990	\$ 105,722
2023	<u>102,732</u>	<u>6,161</u>	<u>108,893</u>
Total	<u>\$ 205,464</u>	<u>\$ 9,151</u>	<u>\$ 214,615</u>

**Space Lease - 1525 Newton Street, NW**

On January 19, 2020, the Charter School entered in a one (1) year lease agreement with The St. Stephen and The Incarnation Episcopal Church for space usage located at 1525 Newton Street, NW, Washington, DC 20010. This lease began on February 1, 2020, and continues for one year through January 31, 2021, at a monthly payment amount of \$1,000. Total rent expense for this lease was \$12,000 and \$5,000 for the years ended June 30, 2021 and 2020, respectively.

13. RELATED PARTY TRANSACTIONS:

**The Family Place, Inc.**

The Family Place, Inc., is a not-for-profit corporation, which assisted in creating The Family Place Public Charter School. The Family Place Public Charter School and The Family Place, Inc., have separate independent boards of directors and all relationships between the two organizations are by contract.

The Charter School leased employees and facilities from The Family Place, Inc., for the years ended June 30, 2021 and 2020. The Charter School incurred expenses through The Family Place, Inc., for contracted employees in the amount of \$808,458 and \$649,178, respectively, for the years ended June 30, 2021 and 2020. Payments to The Family Place, Inc., for contracted employees are made on a cost reimbursement basis the following month. Expenses incurred through The Family Place for related contracted employee benefits for the years ended June 30, 2021 and 2020 were \$52,871 and \$42,823, respectively.

THE FAMILY PLACE PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

13. RELATED PARTY TRANSACTIONS: (Continued)

**The Family Place, Inc.** (Continued)

During the years ended June 30, 2021 and 2020, the Charter School incurred expenses through The Family Place, Inc., in the amount of \$344,459 and \$327,888, respectively, for telephone, supplies, professional fees, other fees, and professional development.

During the year ended June 30, 2021, the Charter School incurred construction in progress costs in the amount of \$107,124 through The Family Place, Inc. During the year ended June 30, 2020, the Charter School incurred leasehold improvements through The Family Place in the amount of \$61,938.

On June 17, 2018, the Charter School entered into a lease to lease space from The Family Place, Inc., for a period of five years commencing on July 1, 2018, and expiring on June 30, 2023, as more fully described in Note 12. The Charter School incurred rent through The Family Place, Inc., in the amount of \$102,732 for each of the years ended June 30, 2021 and 2020.

At June 30, 2021 and 2020, an amount payable to The Family Place, Inc., of \$53,421 and \$65,417, respectively, was reflected in the Charter School's statement of financial position as part of accounts payable and accrued expenses.

**Board Member Relationships**

During the years ended June 30, 2021 and 2020, two board members were family members.

14. CONCENTRATIONS:

**Revenues**

The Charter School receives public funds from the DC Government based on the number of students they enroll according to the Uniform Per Student Funding Formula developed by the Mayor and City Council. This per pupil allocation is supplemented with extra funds for students with special needs. During the years ended June 30, 2021 and 2020, eighty-two percent (82%) and ninety-eight percent (98%), respectively, of total support was received from the District of Columbia in the form of per pupil funding.

In addition to the revenue received through the Uniform Per Student Funding, the Charter School receives state contributions awarded under the auspices of the U.S. Department of Education passed through the Office of the DC Office of State Superintendent of Education. The Charter School is entitled to receive these funds by virtue of its recognition as a Local Education Agency by the District of Columbia Public Charter School Board (DCPCSB).

The Charter School is limited to enrolling students that are residents of the District of Columbia. As a DC Public Charter School, the School must compete for students against the DC Public School system as well as other DC Public Charter Schools.

THE FAMILY PLACE PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

15. CONTINGENCIES:

**Charter School Operations**

The Charter School was granted its charter by the District of Columbia Public Charter School Board, authorized under the District of Columbia School Reform Act of 1995, Public Law 104-134, as amended. The Charter School has no reason to believe that this relationship will be discontinued in the foreseeable future. However, any interruption of this relationship (i.e., the failure to continue this charter authorization or withholding funds) could adversely affect the Charter School's ability to finance ongoing operations.

The Charter School depends on per pupil allocations, grants, and contributions for a significant portion of its revenues. The ability of the sources of revenues to continue giving amounts comparable with prior years may be dependent upon future economic conditions and continued deductibility for income tax purposes of grants and contributions to the Charter School. While the Charter School's Board of Directors and management believes the Charter School has the resources to continue its programs, its ability to do so, and the extent to which it continues, may be dependent on the above factors.

Laws and regulations governing charter schools are complex and subject to interpretation. The Charter School believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. Therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

The viability of public charter schools and funding for these schools is dependent on the consensus of current and future administrations of the District of Columbia. Any future change in dynamics could adversely affect the operations of public charter schools.

**Pandemic**

The Charter School has been negatively impacted by the effects of the worldwide coronavirus pandemic. The Charter School is closely monitoring its operations as well as the potential effects on its 2021/2022 academic year and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Charter School's financial position is not known.

16. SUBSEQUENT EVENTS:

**Financial Statement Preparation**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 30, 2021, the date the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements.



THE FAMILY PLACE PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

17. FUNDRAISING:

During the years ended June 30, 2021 and 2020, expenses incurred for the purpose of fundraising were \$5,656 and \$4,976, respectively.

18. ADVERTISING:

Advertising costs are expensed when incurred. Advertising activities were conducted for the purpose of promoting open enrollment to the Charter School and to provide outreach to the community. Direct advertising costs in the amount of \$5,575 and \$5,174 were incurred during the years ended June 30, 2021 and 2020, respectively.

19. EMPLOYEE BENEFITS:

The cost of contracted fringe benefits incurred for the years ended June 30, 2021 and 2020 consisted of the following:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Health, Dental and Vision Insurance	\$ 44,268	\$ 27,189
Workers Compensation Insurance	<u>8,603</u>	<u>15,634</u>
Total	<u>\$ 52,871</u>	<u>\$ 42,823</u>

20. CONSOLIDATION:

Management has applied the principles of FASB ASC 958-810, Reporting of Related Entities by Not-for-Profit Organizations, in assessing the need to consolidate the financial statements of the Charter School with those of The Family Place, Inc. Under FASB ASC 958-810, consolidation should occur if both an economic interest between the organizations and control by a majority of common board members exist. Based on the criteria stipulated in the pronouncement, management has determined that financial statement consolidation is not appropriate for the fiscal years ending June 30, 2021 and 2020. Therefore, the accompanying financial statements reflect only the activity and net assets of the Charter School.

**Kendall, Prebola and Jones, LLC**  
**Certified Public Accountants**

Board of Directors  
The Family Place Public Charter School  
3309 16<sup>th</sup> Street, NW  
Washington, DC 20010

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of The Family Place Public Charter School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 30, 2021.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered The Family Place Public Charter School's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Family Place Public Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

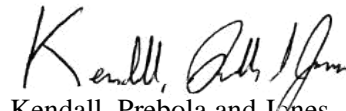
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether The Family Place Public Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Kendall, Prebola and Jones  
Certified Public Accountants

Bedford, Pennsylvania  
November 30, 2021

THE FAMILY PLACE PUBLIC CHARTER SCHOOL  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2021

There were no audit findings in the prior year.

THE FAMILY PLACE PUBLIC CHARTER SCHOOL  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2021

I. Summary of Audit Results

- a. The auditor's report expresses an unmodified opinion on whether the financial statements of The Family Place Public Charter School were prepared in accordance with generally accepted accounting principles.
- b. No significant deficiencies or material weaknesses in internal control relating to the audit of the financial statements have been reported.
- c. No instances of noncompliance material to the financial statements of The Family Place Public Charter School, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

II. Findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*

There were no findings in the current year.

THE FAMILY PLACE PUBLIC CHARTER SCHOOL  
SCHEDULE OF CONTRACTS AWARDED IN EXCESS OF \$25,000  
UNAUDITED  
FOR THE YEAR ENDED JUNE 30, 2021

<u>Vendor Name</u>	<u>Services Provided</u>	<u>Value</u>	<u>Conflict of Interest</u>
The Family Place, Inc.	Contracted Staffing	808,458	no
The Family Place, Inc.	Professional Services, Utilities, Supplies	114,830	no
The Family Place, Inc.	Housekeeping, Case Management, Payroll Processing, Childcare	265,289	no
The Family Place, Inc.	Rent	102,643	no
EdOps	Accounting	53,100	no
Innis Enterprise, Inc.	CDA Training	28,380	no
Verizon	Hotspots for Students	25,479	no

THE FAMILY PLACE PUBLIC CHARTER SCHOOL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
UNAUDITED  
FOR THE YEAR ENDED JUNE 30, 2021

<u>Federal Grantor/Pass Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Program or Award Amount</u>	<u>Period of Award</u>	<u>Grant Receivable at 7/1/20</u>	<u>Current Year Activity</u>		<u>Grant Receivable at 6/30/21</u>
						<u>Receipts</u>	<u>Expenditures</u>	
<u>U.S. Department of Education:</u>								
Passed Through the District of Columbia								
Office of the State Superintendent of Education:								
Adult Education and Family Literacy Act	84.002A	84.002A	\$ 133,333	07/01/20 to 09/30/21	\$ -	\$ 29,043	\$ 89,254	\$ 60,211
DC Opportunity Scholarship Program	84.370C	CHOICE	\$ 67,135	07/28/20 to 09/30/20	-	20,467	20,467	-
DC Opportunity Scholarship Program	84.370C	CHOICE	\$ 354,878	07/01/20 to 09/30/21	<u>-</u>	<u>156,916</u>	<u>214,181</u>	<u>57,265</u>
Total U.S. Department of Education					<u>\$ -</u>	<u>\$ 206,426</u>	<u>\$ 323,902</u>	<u>\$ 117,476</u>
Total Federal Awards					<u><u>\$ -</u></u>	<u><u>\$ 206,426</u></u>	<u><u>\$ 323,902</u></u>	<u><u>\$ 117,476</u></u>